

Hawai'i State Association of Counties (HSAC)
Counties of Kaua'i, Maui, Hawai'i & City & County of Honolulu

MINUTES
HSAC SPECIAL EXECUTIVE COMMITTEE MEETING
December 13, 2013
Honolulu Hale, Council Committee Room
Honolulu, Hawaii

I. CALL TO ORDER

The HSAC Executive Committee was called to order by Vice President Dennis "Fresh" Onishi, conducting the meeting in absence of President Mel Rapozo, at 10:07 a.m. The following members comprising a quorum were present:

County of Kauai:

Councilmember Ross Kagawa
Attending in absence of President Mel Rapozo

County of Hawaii:

Vice President Dennis "Fresh" Onishi

City and County of Honolulu:

Secretary Stanley Chang

County of Maui:

Treasurer Michael Victorino

Others Present:

Kauai County Council Chair Jay Furfaro
Kauai County Councilmember JoAnn Yukimura
Honolulu City and County Mayor Kirk Caldwell

Ray Soon, Honolulu Mayoral staff
Shawn Hamamoto, Honolulu Mayoral staff
Melissa Miranda-Johnson, Honolulu Mayoral staff
Kevin Dayton, Hawaii County Mayoral staff
Mike Molina, Maui County Mayoral staff

Honolulu staff Gavin Kennedy
Honolulu staff Brandon Mitsuda
Honolulu staff Lyndsey Garcia
Kauai staff Ashley Bunda
Maui staff Kirsten Hamman
Maui staff Kim Willenbrink

Nathan Eagle, Honolulu Civil Beat



II. APPROVAL OF AGENDA

The Committee approved the agenda.

III. UNFINISHED BUSINESS

- A. Requesting the presence of the Hawaii Council of Mayors (HCOM) to discuss HCOM's 2014 state Legislative Priorities.

A representative of Hawaii County Mayor Kenoi, Kevin Dayton, and a representative of Maui County Mayor Arakawa, Mike Molina, presented HCOM's legislative package, as agreed upon by the four mayors. They referred members to the previously distributed agreed-upon document, which described two legislative proposals:

- 1) A measure allowing county governments to continue posting warning signs at beach parks and providing lifeguards at beach parks without the threat of liability for conditions outside of a county's control.
- 2) A measure authorizing counties to enact up to a 1 percent GET surcharge, limiting the state to a portion of that surcharge to cover the cost of collection, and removal of the sunset date for the current surcharge being utilized by Honolulu.

Treasurer Victorino noted that there was no TAT proposal from the Mayors. Mr. Dayton responded that items proposed by HCOM only included measures where all four mayors agreed. He stated that Mayor Kenoi did not believe changes to the TAT should be proposed at this time. Treasurer Victorino asked about the thinking behind the GET proposal that would allow for each county to determine how any new revenue from the GET would be spent. Mr. Dayton explained that the intent of the proposal is to allow counties flexibility in addressing their needs.

Councilmember Kagawa asked for clarification that HCOM did not support ending current levels of TAT revenue to the counties. Mr. Dayton clarified that HCOM had viewed the GET proposal as a tool for the counties to deal with their budgets in addition to current TAT funding amounts.

Secretary Chang stated that Honolulu would support the counties in acquiring GET surcharge authority in solidarity with their previous support for Honolulu's GET transit surcharge.

Vice President Onishi called a recess at 10:21 a.m.

Vice President Onishi reconvened the meeting at 10:23 a.m.

At this point Mayor Caldwell arrived to discuss HCOM's proposals. Treasurer Victorino asked the Mayor to explain Honolulu's position on HCOM's GET proposal. Mayor Caldwell explained that while he supported the ability of the other counties to enact a GET surcharge for any purpose they determined, he did not support amending the current restriction on Honolulu's GET surcharge for mass transit. Mayor Caldwell stated that he would be concerned that any removal of Honolulu's GET half-percent surcharge restriction could jeopardize funding for rail. Mayor Caldwell stated that part of the HCOM proposal also included limiting the state portion of the surcharge to cost of collection only, and a removal of the sunset date for Honolulu's surcharge. He argued that the counties should not have to go through the arduous process of lobbying for taxation authority and of imposing a new tax only to have it repealed automatically. Treasurer Victorino agreed with the Mayor that if Mayors and Councils took action to enact a new tax, any removal of the tax should also be the responsibility of the county governments.

Vice President Onishi solicited comments from councilmembers in attendance. Kauai Council Chair Jay Furfaro stated that he would like some clarity on HCOM's position regarding the TAT, especially in light of the State's need to fund its retirement and health care obligations. Mayor Caldwell explained that HCOM members did not have a single unified proposal for the TAT and thus agreed to remain silent on the issue in the coming legislative session. He stated that while he believes the counties have a strong position to argue for a greater share of the TAT, all four mayors did not have a unified legislative proposal to present to the State. Chair Furfaro explained that he was concerned that increased public safety costs for counties were often related to increased tourism and that the State was not providing proper funding for those costs. Mayor Caldwell clarified that HCOM's position on the TAT was to maintain the status quo at this time. Treasurer Victorino emphasized that it was important for the counties to promote a united front to the State legislature in order to advance the interests of the counties. Alternate Kagawa stated that he appreciated HCOM's GET proposal and their neutrality regarding the TAT.

Kauai Councilmember JoAnn Yukimura stated that an overt policy statement regarding the TAT versus silence may better serve the counties' interests. She asked whether an HSAC endorsement or approval of the HCOM GET proposal would require approval of the respective county councils. It was agreed by committee members that the HSAC bylaws permit the Executive Committee to approve of measures for the legislative package during the legislative session without council approval if those measures relate to income for the counties or promote home rule. Councilmember Yukimura stated that she was concerned that a GET

surcharge would be a more regressive tax and it should be restricted by the State to uses that support lower-income residents of the counties.

Secretary Chang stated that the HCOM proposal, as written, would enable the counties to have the authority to direct where any additional funding should go, which would support the objectives of increasing county revenue and promoting home rule. Alternate Kagawa agreed with Secretary Chang and further emphasized that supporting HCOM's proposal would allow the county councils to have a discussion regarding restriction of funding from any GET surcharge, were it to be enacted by the legislature.

Mayor Caldwell informed members that Honolulu Corporation Counsel was drafting the bills to enact the proposed HCOM measures and stated he was willing to share the drafts with HSAC when they were complete. Members thanked the Mayor.

This item was deferred.

B. Discussion relating to an HSAC Legislative Priority Policy Statement.

Secretary Chang distributed a proposed HSAC 2014 Legislative Priorities and explained that the listed priorities were suggestions from the counties. He stated that he was open to discussing changes to the document as proposed or including adding the Mayor's GET proposal. Secretary Chang suggested that HSAC approve the Legislative Priorities document that included the two proposals in HCOM's Legislative Package. Secretary Chang explained that by supporting HCOM's proposals, HSAC would be able to demonstrate to the State that the counties were united on certain issues.

Treasurer Victorino stated that he had concerns that having both an HSAC Legislative Package and a Priority document may confuse the Legislature. Vice President Onishi agreed that HSAC should make certain that the Legislature understands what proposals the counties support. A representative of Mayor Caldwell, Ms. Miranda-Johnson, stated that the legislature could get confused if HSAC presents two documents without clarity as to HSAC's priorities. Kauai Councilmember Yukimura added that it would be necessary to explain to the legislature which proposals were approved by the Councils and which were approved by only the HSAC Executive Committee.

Vice President Onishi suggested that the committee defer the item in order to give staff time to make sure that it would be possible for HSAC to have two separate documents supporting its legislative strategy and to clarify the procedures for approval possibly without consent of the

Councils. Alternate Kagawa reiterated that any endorsement of the HCOM GET proposal would not be an enactment of a new tax but, instead, would support a policy giving the counties greater flexibility in their taxing authority. Treasurer Victorino agreed with deferral to allow time for councils to clarify HSAC's authority to vote on such a document. He also stated that unity among the county councils and mayors may set an important precedent for future years.

Vice President Onishi suggested that the measure be deferred to the next meeting so that members could bring specific proposals as to how to present the HSAC legislative priorities in relation to the HSAC legislative package.

This item was deferred.

IV. ANNOUNCEMENTS

A. Schedule next meeting.

The next Executive Committee meetings were scheduled to be held on December 23, 2013, at Honolulu Hale and January 14, 2014, at Honolulu Hale and the Hawaii State Capitol.

B. Other announcements.

Mr. Mitsuda announced that during the 2014 HSAC annual conference, the Committee and General Membership meetings have been scheduled for June 13, 2014.

V. ADJOURNMENT

The meeting was adjourned at 11:43 a.m.

Very truly yours,

A large, stylized handwritten signature in black ink, appearing to read 'Stanley Chang'.

STANLEY CHANG
Secretary
Hawaii State Association of Counties